

SHB 2577 - H AMD 1135

By Representative Sullivan

1 Strike everything after the enacting clause and insert the  
2 following:

3 "PART I

4 GENERAL PROVISIONS

5 NEW SECTION. Sec. 101. The legislature finds that:

6 (1) The state is projected to experience substantial population  
7 growth in the next two decades and this growth will require substantial  
8 new housing, places of employment, community facilities, and supporting  
9 local, subregional, and regional infrastructure;

10 (2) In most areas of the state projected to accommodate substantial  
11 growth, there are inadequate community facilities and infrastructure to  
12 facilitate and support such growth. In addition, current public  
13 financing options and resources are not adequate to provide the needed  
14 community facilities and local, subregional, and regional  
15 infrastructure;

16 (3) A more flexible type of financing mechanism known as a  
17 community facilities district should be available to counties, cities,  
18 and towns so that needed community facilities and local, subregional,  
19 and regional infrastructure can be provided;

20 (4) This chapter is intended to facilitate voluntary landowner  
21 financing of community facilities and local, subregional, and regional  
22 infrastructure by authorizing the creation of community facilities  
23 districts, while creating jobs and facilitating economic development;  
24 and

25 (5) It is in the interest of the people of the state of Washington  
26 to authorize the establishment of community facility districts as  
27 independently governed, special purpose districts, vested with the  
28 corporate authority included under Article VII, section 9 of the state

1 Constitution to make local improvements in accordance with this chapter  
2 and to carry out the purposes specifically authorized under this  
3 chapter.

4 NEW SECTION. **Sec. 102.** The definitions in this section apply  
5 throughout this chapter unless the context clearly requires otherwise.

6 (1) "Board of supervisors" or "board" means the governing body of  
7 a community facilities district.

8 (2) "Community facilities district" or "district" means a district  
9 created under this chapter.

10 (3) "Facility" or "facilities" means the local improvements  
11 included under section 501 of this act.

12 (4) "Legislative authority" means the governing body of a county,  
13 city, or town to which a petition or amended petition is submitted.

14 (a) If the proposed district is located entirely within  
15 unincorporated land, then the county is the exclusive "legislative  
16 authority" for purposes of approving formation of the district under  
17 sections 201 through 206 of this act, inclusive, and section 301 of  
18 this act.

19 (b) If all or a portion of the proposed district is located within  
20 unincorporated land that is entirely surrounded by an incorporated city  
21 or town, then the "legislative authority" for purposes of approving  
22 formation of the district under sections 201 through 206 of this act,  
23 inclusive, and section 301 of this act includes the governing bodies of  
24 the county and the city or town surrounding the unincorporated land.

25 (c) If the proposed district is located entirely within  
26 incorporated land, then the city or town is the exclusive "legislative  
27 authority" for purposes of this chapter, and all powers and  
28 responsibilities of a county under this chapter must be exercised by  
29 that city or town.

30 (5) "Petition" means a request, meeting the requirements of section  
31 201 of this act, made by landowners to form a community facilities  
32 district and to voluntarily submit their land to the assessments  
33 authorized under this chapter and includes an amended petition meeting  
34 the requirements of section 201(3) of this act.

35 (6) "Special assessment" means an assessment imposed in accordance  
36 with the requirements of this chapter.



1 petitioners within a proposed district who are natural persons, or  
2 natural persons who are designated representatives of petitioners, are  
3 eligible to include their name on the list of eligible supervisors.  
4 The petitioners may nominate qualified professions to serve on the  
5 board of supervisors in lieu of the petitioners or representatives of  
6 the petitioners;

7 (i) If it proposes a special assessment, include: (i) A diagram  
8 showing each separate lot, tract, parcel of land, or other property in  
9 the district; (ii) the acreage of the property; (iii) the name and  
10 address of the owner or reputed owner of each lot, tract, parcel of  
11 land, or other property as shown on the tax rolls of the county  
12 assessor; (iv) a preliminary assessment roll showing the special  
13 assessment proposed to be imposed on each lot, tract, parcel of land,  
14 or other property; and (v) a proposed method or combination of methods  
15 for computing special assessments, determining the benefit to assessed  
16 property or use from facilities or improvements funded directly or  
17 indirectly by special assessments under this chapter; and

18 (j) Include an explanation of what security will be provided to  
19 ensure the timely payment of assessments and the timely payment of  
20 bonds issued by the district.

21 (2) The petition must be filed with the auditor of each county in  
22 which property included within the proposed district is located. The  
23 auditor for the county in which the largest geographic portion of the  
24 proposed district is located must be the lead auditor for the purposes  
25 of this section. Within thirty days of the lead auditor's receipt of  
26 the petition, the lead auditor must confirm that the petition has been  
27 validly executed by one hundred percent of all owners of the property  
28 located within the proposed district, including confirmation by the  
29 auditors of all other counties with whom the petition was filed.  
30 Within ten days of the lead auditor's finding that the petition either  
31 does or does not contain the required signatures, the lead auditor must  
32 either (a) transmit the petition, together with a certificate of  
33 sufficiency attached thereto, to each legislative authority petitioned  
34 for formation of the district; or (b) return the petition to the  
35 petitioners with a list of property owners who must sign the petition  
36 in order to comply with this section. There are no restrictions on the  
37 number of petitions that may be submitted by one or more property  
38 owners.

1 (3) A petition may be amended for any reason if the amendment is  
2 signed by one hundred percent of the owners of property located within  
3 the district proposed in the amended petition.

4 NEW SECTION. **Sec. 202.** A public hearing on the petition for  
5 formation of a district must be held by each applicable legislative  
6 authority, not less than thirty, but not more than sixty days, from the  
7 date that the lead county auditor issues the certificate of sufficiency  
8 required under section 201 of this act.

9 NEW SECTION. **Sec. 203.** Notice of all public hearings must include  
10 a description of the proposal, be mailed to all petitioners, and must  
11 be published once a week for three consecutive weeks in the official  
12 paper for each applicable legislative authority, prior to the date set  
13 for the hearing. The notice must be posted for not less than fifteen  
14 days prior to the date of the hearing in each of three public places  
15 within the boundaries of the proposed district and in three public  
16 places for each applicable legislative authority. Each notice must  
17 contain the time, date, and place of the public hearing.

18 NEW SECTION. **Sec. 204.** At the time and place of the public  
19 hearing, the legislative authority must consider the petition. The  
20 legislative authority may receive any evidence it deems material that  
21 supports or opposes the formation of the district, including the  
22 inclusion or exclusion of land. Unless an amended petition satisfying  
23 the requirements of section 201 of this act is approved in accordance  
24 with the requirements of this chapter, no land outside the boundaries  
25 described in the petition may be included within the proposed district.  
26 No land inside the boundaries of an approved petition may be removed  
27 from the district unless an amended petition satisfying the  
28 requirements of section 201 of this act is approved in accordance with  
29 the requirements of this chapter.

30 NEW SECTION. **Sec. 205.** (1) The legislative authority may act on  
31 the petition to form a community facilities district at the public  
32 hearing held under section 204 of this act and in no event may the  
33 legislative authority's decision be issued later than thirty days after  
34 the day of the public hearing. The applicable legislative authority

1 may approve the petition by resolution if the applicable legislative  
2 authority determines, in its sole discretion, that the petitioners will  
3 benefit from the proposed district and that the formation of the  
4 district will be in the best interest of the county, city or town, as  
5 applicable, and that formation of the district is consistent with the  
6 requirements of Washington's growth management act.

7 (2) A community facilities district may not be formed unless each  
8 applicable legislative authority makes the finding required under  
9 subsection (1) of this section.

10 (3) All resolutions approving a petition must conform to the terms  
11 and conditions contained in the petition, including the maximum amounts  
12 of special assessments set forth in the petition, and must designate  
13 the name and number of the community facilities district being formed.

14 NEW SECTION. Sec. 206. (1) Any person who objects to formation of  
15 the district may appeal the final decision of a legislative authority  
16 to approve a petition for formation of a community facilities district  
17 by filing an appeal with the superior court of the county in which any  
18 part of the district is located within thirty days of the effective  
19 date of the resolution approving formation of the district.

20 (2) If no appeal is timely filed, then the legislative authority's  
21 decision is deemed valid, complete, and final, and neither the legal  
22 existence of the district, nor the terms and conditions of an approved  
23 petition can thereafter be challenged or questioned by any person on  
24 the grounds of procedural defect or otherwise. Certified copies of  
25 each resolution approving a district must be filed with the auditor of  
26 the county or counties in which the community facilities district is  
27 located.

### 28 **PART III**

### 29 **COMMUNITY FACILITIES DISTRICT BOARD OF SUPERVISORS**

30 NEW SECTION. Sec. 301. (1) A community facilities district must  
31 be governed by a board of supervisors possessing the powers set forth  
32 under section 401 of this act. The board of supervisors must be  
33 appointed by each applicable legislative authority within sixty days of  
34 the formation of the district. Except as expressly provided under this  
35 section, each applicable legislative authority is authorized to appoint

1 members to the board of supervisors only from among the members of its  
2 own governing body. Each applicable legislative authority must appoint  
3 the petitioner members or nominees required under subsection (2) or (3)  
4 of this section. The term of office of each supervisor is three years  
5 and until a successor is appointed, except that the supervisors first  
6 appointed serve for one and two years respectively from the date of  
7 their appointments, as designated in their appointments.

8 (2) Except as provided in subsection (3) of this section, if the  
9 proposed district is located entirely within a single jurisdiction,  
10 then the board of supervisors consists of: (a) Three members of the  
11 legislative authority of the jurisdiction; and (b) two members  
12 appointed from among the list of eligible supervisors included in the  
13 petition as provided in section 201(1)(h) of this act. All members of  
14 the board of supervisors must be natural persons.

15 (3) If all or a portion of the proposed district is located within  
16 unincorporated land that is entirely surrounded by an incorporated city  
17 or town, then the board of supervisors consists of: (a) Two members  
18 appointed from the county legislative authority; (b) two members  
19 appointed from the legislative authority of the city or town that is  
20 the additional legislative authority under section 102(4) of this act;  
21 and (c) one member appointed from the list of eligible petitioners  
22 included in the petition as provided in section 201(1)(h) of this act,  
23 depending on the number of additional members that are required to  
24 result in an overall odd number of supervisors.

25 (4) If the county, city, or town is the exclusive legislative  
26 authority pursuant to section 102 of this act, then the board of  
27 supervisors consists of: (a) Three members appointed from such county,  
28 city, or town; and (b) two members from the list of eligible  
29 petitioners or nominees included in the petition, as provided in  
30 section 201(1)(h) of this act, to result in an overall odd number of  
31 supervisors.

32 (5) The legislative authorities may appoint qualified professionals  
33 with expertise in municipal finance in lieu of one or more appointments  
34 authorized in this section. A jurisdiction's appointments to the board  
35 of supervisors may consist of a combination of qualified professionals  
36 authorized under this section and one or more members from the  
37 applicable legislative authority. Nothing contained in this section

1 authorizes a legislative authority to exceed the maximum number of  
2 appointments set forth under subsection (2) or (3) of this section.

3 (6) A vacancy on the board must be filled by the legislative  
4 authority authorized to make the appointment to the applicable  
5 supervisor position under this section. Vacancies must be filled by a  
6 person in the same position vacating the board, which for initial  
7 petitioner members or nominees includes successor owners of property  
8 located within the boundaries of an approved district. If the approved  
9 district was originally located entirely on unincorporated land and the  
10 unincorporated land has been annexed into a city or town, then, as of  
11 the effective date of annexation, the city or town is deemed the  
12 exclusive legislative authority for the purposes of this chapter and  
13 the composition of the board must be structured accordingly, as  
14 provided in this section. Supervisors must serve without compensation,  
15 but they are entitled to expenses, including traveling expenses,  
16 necessarily incurred in discharge of their duties. The board must  
17 designate a chair from time to time.

18 **PART IV**

19 **COMMUNITY FACILITIES DISTRICT POWERS**

20 NEW SECTION. **Sec. 401.** (1) A community facilities district  
21 created in accordance with this chapter is an independently governed,  
22 special purpose district, vested with the corporate authority included  
23 under Article VII, section 9 of the state Constitution to make local  
24 improvements by special assessment in accordance with this chapter.  
25 Nothing in this chapter exempts the public improvements and facilities  
26 provided by a district from the regulatory and land use permitting  
27 requirements of the county, city, or town in which the improvements are  
28 to be located.

29 (2) Subject to the terms and conditions of an approved petition, a  
30 community facilities district has the powers necessary to carry out the  
31 specific purposes authorized under this chapter in order to carry out  
32 the specific objectives, plan, and facilities identified in the  
33 approved petition including, but not limited to, the authority to:

34 (a) Acquire, purchase, hold, lease, finance, manage, occupy,  
35 construct, and sell real and personal property, facilities, or any  
36 interest therein, either inside or outside of the boundaries of the

1 district, except that any such property, facilities, or interests  
2 outside the boundaries of the district must directly serve facilities  
3 or benefit properties within the district;

4 (b) Finance and construct facilities authorized under this chapter;

5 (c) Enter into and perform any and all contracts;

6 (d) Levy and enforce the collection of special assessments against  
7 the property included within a district;

8 (e) Enter into lease-purchase agreements with or without an option  
9 to purchase;

10 (f) Enter into executory conditional sales contracts, leases, and  
11 installment promissory notes;

12 (g) Borrow money to the extent and in the manner authorized by this  
13 chapter;

14 (h) Hold in trust property useful to accomplishment of the  
15 authority granted under this chapter;

16 (i) Issue revenue bonds in accordance with chapter 39.46 RCW and  
17 assessment bonds in accordance with chapter 35.45 RCW, and the  
18 requirements of this chapter, payable from revenue or assessments,  
19 respectively, of the district that is legally available to be pledged  
20 to secure the bonds;

21 (j) Contract with any municipal corporation, governmental, or  
22 private agencies to carry out the purposes authorized by this chapter;

23 (k) Sue and be sued;

24 (l) Accept and receive on behalf of the district any money or  
25 property donated, devised, or bequeathed to the district and carry out  
26 the terms of the donation, devise, or bequest, if it is within the  
27 powers granted by law to community facilities districts or, in the  
28 absence of such terms, expend or use the money or property for district  
29 purposes as determined by the board of supervisors;

30 (m) Transfer to any county, city, or other municipal corporation,  
31 without compensation, any property or other assets of the district; and

32 (n) Do any and all lawful acts required and expedient to carry out  
33 the express authority provided in this chapter.

34 **PART V**

35 **COMMUNITY FACILITIES DISTRICT FINANCES**

1        NEW SECTION.    **Sec. 501.**    (1) Through the use of district revenue  
2 derived through special assessments and bonds authorized under this  
3 chapter and, consistent with the terms and conditions of a petition  
4 approved in accordance with this chapter, a community facilities  
5 district may finance all or a portion of the following costs, expenses,  
6 and facilities whether located inside or outside the boundaries of an  
7 approved district:

8        (a) The cost, or any portion thereof, of the purchase, finance,  
9 lease, sublease, construction, expansion, improvement, or  
10 rehabilitation of any facility with an estimated life of five years or  
11 longer;

12        (b) The planning and design work that is directly related to the  
13 purchase, construction, expansion, improvement, or rehabilitation of a  
14 facility, including engineering, architectural, planning, and  
15 inspection costs;

16        (c) Facilities listed in RCW 35.43.040 to the extent not specified  
17 in this section;

18        (d) Sanitary sewage systems, including collection, transport,  
19 storage, treatment, dispersal, effluent use, and discharge;

20        (e) Drainage and flood control systems, including collection,  
21 transport, diversion, storage, detention, retention, dispersal, use,  
22 and discharge;

23        (f) Water systems for domestic, industrial, irrigation, municipal,  
24 or community facilities purposes, including production, collection,  
25 storage, treatment, transport, delivery, connection, and dispersal;

26        (g) Highways, streets, roadways, and parking facilities, including  
27 all areas for vehicular use for travel, ingress, egress, and parking;

28        (h) Areas for pedestrian, equestrian, bicycle, or other nonmotor  
29 vehicle use for travel, ingress, egress, and parking;

30        (i) Pedestrian malls, parks, recreational facilities, and open-  
31 space facilities for the use of members of the public for  
32 entertainment, assembly, and recreation;

33        (j) Landscaping, including earthworks, structures, lakes, and other  
34 water features, plants, trees, and related water delivery systems;

35        (k) Public buildings, public safety facilities, and community  
36 facilities;

37        (l) Publicly owned natural gas transmission and distribution

1 facilities, facilities for the transmission or distribution of  
2 electrical energy, and limited communications facilities, specifically  
3 poles, trenches, and conduits, for use of any communications provider;

4 (m) Street lighting;

5 (n) Traffic control systems and devices, including signals,  
6 controls, markings, and signage;

7 (o) Systems of surface, underground, or overhead railways,  
8 tramways, buses, or any other means of mass transportation facilities,  
9 including passenger, terminal, station parking, and related facilities  
10 and areas for passenger and vehicular use for travel, ingress, egress,  
11 and parking;

12 (p) Library, educational, and cultural facilities; and

13 (q) Facilities similar to those listed in this section.

14 (2) The district may not finance public or private residential  
15 dwellings, nonprofit facilities as defined in RCW 43.180.300, health  
16 care facilities as defined in RCW 70.37.020, higher education  
17 institutions as defined in RCW 28B.07.020, or economic development  
18 activities as defined in RCW 43.163.010.

19 NEW SECTION. **Sec. 502.** (1) The board of supervisors of a  
20 community facilities district may impose special assessments on  
21 property located inside the district and benefited by the facilities  
22 and improvements provided, or to be provided, by a district, whether  
23 the facilities and improvements are located inside or outside of the  
24 boundaries of the proposed district. The requirements and powers of a  
25 district relating to the formation, assessment, collection,  
26 foreclosure, and other powers of a special assessment district are as  
27 set forth in chapters 35.43, 35.44, 35.49, and 35.50 RCW, except where  
28 otherwise addressed under this chapter. In any case where the  
29 provisions of this chapter conflict with the requirements under any  
30 other chapter that applies to the formation, assessment, collection,  
31 foreclosure, or other powers of a special assessment district, the  
32 provisions of this chapter control.

33 (2) Except as otherwise expressly provided under this chapter, the  
34 special assessments imposed and collected on property within a district  
35 may not exceed the amount set forth in a petition or amended petition  
36 approved in accordance with this chapter.

1 (3) The term of the special assessment is limited to the lesser of  
2 (a) twenty-eight years or (b) two years less than the term of any bonds  
3 issued by or on behalf of the district to which the assessments or  
4 other revenue of the district is specifically dedicated, pledged, or  
5 obligated.

6 (4) The computation of special assessments must follow the  
7 requirements of chapter 35.44 RCW, including the authority to use any  
8 method or combination of methods to compute assessments which may be  
9 deemed by the board of supervisors to fairly reflect the benefit to the  
10 properties being assessed. The method of assessment may utilize the  
11 supplemental authority granted under chapter 35.51 RCW. A petition  
12 meeting the requirements of section 201 of this act may provide for the  
13 reduction or waiver of special assessments for low-income households as  
14 that term is defined in RCW 36.130.010.

15 (5) The board must set a date, time, and place for hearing any  
16 objections to the assessment roll, which hearing must occur no later  
17 than one hundred twenty days from final approval of formation of the  
18 district. Petitioners or representatives thereof serving on the board  
19 of supervisors must not participate in the determination of the special  
20 assessment roll or vote on the confirmation of that assessment roll.  
21 The restriction in this subsection does not apply to members of the  
22 board of supervisors appointed from among the qualified professionals  
23 that petitioners may nominate under section 201(1)(h) of this act.

24 (6) The procedures and requirements for assessments, hearings on  
25 the assessment roll, filing of objections to the assessment roll, and  
26 appeals from the decision of the board approving or rejecting the  
27 assessment roll, must be as set forth in RCW 35.44.010 through  
28 35.44.020, 35.44.080 through 35.44.110, and 35.44.190 through  
29 35.44.270.

30 (7) At the hearing on the assessment roll and, in no event later  
31 than thirty days after the day of the hearing, the board may adopt a  
32 resolution approving the assessment roll or may correct, revise, raise,  
33 lower, change, or modify the assessment roll or any part thereof, and  
34 provide the petitioner with a detailed explanation of the changes made  
35 by the board.

36 (8) If the assessment roll is revised by the board in any way,  
37 then, within thirty days of the board's decision, the petitioner(s)  
38 must unanimously make one of the following elections: (a) Rescind the

1 petition; or (b) accept the changes made by the board, upon which  
2 occurrence the board must adopt a resolution approving the assessment  
3 roll as modified by the board.

4 (9) Reassessments, assessments on omitted property, and  
5 supplemental assessments are governed by the provisions set forth under  
6 chapter 35.44 RCW.

7 (10) Any assessment approved under the provisions of this chapter  
8 may be segregated upon a petition of one hundred percent of the owners  
9 of the property subject to the assessment to be segregated. The  
10 segregation must be made as nearly as possible on the same basis as the  
11 original assessment was levied and approved by the board. The board,  
12 in approving a petition for segregation and amendment of the assessment  
13 roll, must do so in a fashion such that the total of the segregated  
14 parts of the assessment equal the assessment before segregation. As to  
15 any property originally entered upon the roll the assessment upon which  
16 has not been raised, no objections to the approval of the petition for  
17 segregation, the resulting assessment, or the amended assessment roll  
18 may be considered by the jurisdiction in which the district is located,  
19 the board, or by any court on appeal. Assessments must be collected in  
20 districts pursuant to the district's previous assessment roll until the  
21 amendment to the assessment roll is finalized under this section.

22 (11) Except as provided under chapter 35.44 RCW, assessments may  
23 not be increased without the approval of one hundred percent of the  
24 property owners subject to the proposed increase.

25 (12) Special assessments must be collected by the district  
26 treasurer determined in accordance with section 505 of this act.

27 (13) A notice of any special assessment imposed under this chapter  
28 must be provided to the owner of the assessed property, not less than  
29 once per year, with the following appearing at the top of the page in  
30 at least fourteen point, bold font:

31 **\*\*\*NOTICE\*\*\***

32  
33 **THIS PROPERTY IS SUBJECT TO THE ASSESSMENTS ITEMIZED BELOW AND APPROVED**  
34 **BY COMMUNITY FACILITIES DISTRICT # . . . . AS THE OWNER OR**  
35 **POTENTIAL BUYER OF THIS PROPERTY, YOU ARE, OR WOULD BE, RESPONSIBLE FOR**  
36 **PAYMENT OF THE AMOUNTS ITEMIZED BELOW.**  
37 **PLEASE REFER TO RCW 36.---.--- (section 502, chapter . . ., Laws of 2010**

1 (section 502 of this act)) OR CONTACT YOUR COUNTY AUDITOR FOR  
2 ADDITIONAL INFORMATION.

3 (14) The district treasurer responsible for collecting special  
4 assessments may account for the costs of handling the assessments and  
5 may collect a fee not to exceed the measurable costs incurred by the  
6 treasurer.

7 NEW SECTION. **Sec. 503.** (1) The district may utilize the special  
8 assessments and revenue derived in accordance with this chapter for the  
9 payment of principal and interest on bonds issued pursuant to the  
10 authority granted under this chapter to fund or reimburse the costs of  
11 facilities authorized under this chapter and prior to the issuance of  
12 bonds, may utilize the revenue to directly fund the costs of providing  
13 the facilities authorized under this chapter on a pay-as-you-go basis.

14 (2) The board of supervisors may establish, administer, and pay or  
15 otherwise dedicate, pledge, or obligate the assessments and revenue  
16 generated in accordance with this chapter into a specific fund created  
17 by or on behalf of the district, in order to guarantee payment of  
18 obligations incurred in connection with facilities provided under this  
19 chapter, including the payment of principal and interest on any bonds  
20 issued by or on behalf of the district.

21 (3) The proceeds of any bond issued pursuant to this chapter may be  
22 used to pay any and all costs related to providing the facilities  
23 authorized under this chapter, including expenses incurred in  
24 connection with issuance of the bonds.

25 (4) The reporting requirements of RCW 39.44.210 apply to any bond  
26 issuance under this chapter.

27 NEW SECTION. **Sec. 504.** No bonds issued by or on behalf of a  
28 community facilities district are obligations of any city, town,  
29 county, or the state of Washington or any political subdivision thereof  
30 other than the district and the bonds must so state.

31 NEW SECTION. **Sec. 505.** (1) If a district includes land that is  
32 entirely within a county and the land is not surrounded entirely by a  
33 city or town, then the treasurer of that county is the treasurer of the  
34 district. If a district includes land that is entirely within a county  
35 and the land is entirely surrounded by a city or town, or, if parts of

1 the district include land within or surrounded by more than one  
2 jurisdiction, then the board of supervisors may, with the concurrence  
3 of the treasurers of all jurisdictions within which the district lies,  
4 appoint the treasurer of any of those jurisdictions to serve as the  
5 district treasurer. Except as specifically provided under this  
6 chapter, the duties of a district treasurer are as provided under  
7 applicable law.

8 (2) The district treasurer must establish a community facilities  
9 district fund, into which must be paid all district revenues. The  
10 district treasurer must also maintain any special funds created by the  
11 board of supervisors of the community facilities district, into which  
12 the district treasurer must place all money as the board of supervisors  
13 may, by resolution, direct. The treasurer may create such subfunds,  
14 accounts, and subaccounts as he or she deems necessary, consistent with  
15 applicable law.

16 (3) The district treasurer must pay assessment bonds and revenue  
17 bonds and the accrued interest thereon in accordance with their terms  
18 from the appropriate fund when interest or principal payments become  
19 due.

20 (4) All interest collected on community facilities district funds  
21 belongs to the district and must be deposited to its credit in the  
22 proper district funds.

23 **PART VI**  
24 **MISCELLANEOUS PROVISIONS**

25 NEW SECTION. **Sec. 601.** All assessments imposed on the respective  
26 lots, tracts, parcels of land, and other property included within the  
27 boundaries of an approved district in accordance with this chapter, are  
28 a lien upon the property from the date of final approval and are  
29 paramount and superior to any other lien or encumbrance whatsoever,  
30 theretofore or thereafter created, except a lien for general taxes.

31 NEW SECTION. **Sec. 602.** Sections 101 through 601 of this act  
32 constitute a new chapter in Title 36 RCW.

33 NEW SECTION. **Sec. 603.** If any provision of this act or its

1 application to any person or circumstance is held invalid, the  
2 remainder of the act or the application of the provision to other  
3 persons or circumstances is not affected."

4 Correct the title.

EFFECT: Clarifies the definition of "legislative authority" to mean that for a CFD (1) located entirely in unincorporated land, the county is the exclusive legislative authority; (2) located entirely within incorporated land, the city or town is the exclusive legislative authority; (3) located entirely or partly within unincorporated land entirely surrounded by an incorporated city or town, the legislative authority includes the governing bodies of the county and surrounding city or town.

Revises the CFD formation process by: (1) Authorizing a CFD to include one or more noncontiguous tracts, lots, parcels, or other properties; (2) requiring that the CFD formation petition be presented to the applicable legislative authorities and that it describe the specific facilities that the CFD anticipates financing; (3) broadening the eligibility list for the potential board of supervisors to include designated representatives of petitioners and qualified professionals nominated by petitioners; (4) requiring any proposed special assessment to include a preliminary assessment roll and methods for computing the roll and determining benefits; (5) explaining what security will be provided to ensure payment of assessments and payments of CFD bonds; (6) requiring that each applicable legislative authority hold a public hearing on the formation petition; (7) authorizing each applicable legislative authority to approve the petition by resolution if it makes certain affirmative determinations in its sole discretion; and (8) extending timeframes for various public processes and appeals.

Revises CFD governance provisions by: (1) Specifying the respective composition of the board of supervisors for CFDs within single or multiple jurisdictions; (2) authorizing appointment by the legislative authority of qualified professionals with expertise in municipal finance; and (3) requiring a board restructuring when the CFD's legislative authority changes by virtue of formerly unincorporated lands becoming annexed to a city or town.

Revises CFD powers by specifying that: (1) The public improvements and facilities provided by a CFD are not exempted from the regulatory and land use permitting requirements of the local government in which they are located; (2) any CFD property, facilities, or interests outside the district boundaries must directly serve facilities or benefit properties within the CFD; (3) the CFD is authorized to issue assessment bonds, and to transfer to any county, city, or other municipal corporation, without compensation, any property or other CFD assets.

Revises CFD finances by: (1) Restricting a CFD from financing public or private residential dwellings; certain nonprofit facilities, health care facilities, higher education institutions, or economic development activities; (2) relating the CFD's formation, assessments,

collection, and foreclosure requirements and powers to those of local improvement district statutes, except as otherwise addressed in the act; (3) limiting the term of the special assessment to the lesser of 28 years or two years less than the term of bonds issued by or on behalf of the CFD; (4) authorizing segregation of any assessment approved under this act if 100 percent of the affected property owners so petition; (5) removing CFD authority to impose benefit charges; and (6) providing for identification, responsibilities, and authorities of the CFD's treasurer.

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